

1 **NAESB CREDIT SUPPORT ADDENDUM**

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6 This NAESB Credit Support Addendum ("Credit Support Addendum") is entered into as of the following date:

7 \_\_\_\_\_

8  
9 The parties to this Credit Support Addendum are the following:

10 \_\_\_\_\_ and \_\_\_\_\_  
11 \_\_\_\_\_  
12 Duns Number \_\_\_\_\_ Duns Number \_\_\_\_\_  
13 Base Contract Number \_\_\_\_\_ Base Contract Number \_\_\_\_\_  
14 Base Contract Date \_\_\_\_\_ Base Contract Date \_\_\_\_\_  
15 U.S. Federal Tax ID Number \_\_\_\_\_ U.S. Federal Tax ID Number \_\_\_\_\_  
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18 **Addendum:** This Credit Support Addendum constitutes an Addendum to that certain Base Contract for Sale and Purchase of  
19 Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract  
20 affecting transactions thereunder. Unless amended herein, the Base Contract continues to apply. Capitalized terms used in this  
21 Credit Support Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract. In the  
22 event of a conflict between the terms of this Credit Support Addendum and the Base Contract, the terms of this Credit Support  
23 Addendum shall apply.  
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26 This Credit Support Addendum sets forth the conditions under which a party, in connection with the Base Contract, will  
27 be required to transfer Credit Support as well as the conditions under which a party will release such Credit Support.

28 The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Base  
29 Contract and shall have the meanings ascribed to them therein.  
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32 I. Definitions. As used in this Credit Support Addendum:

33 "Collateral Requirement" shall have the meaning attributed to it in Section II.

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35 "Collateral Threshold" shall mean, with respect to a party, the collateral threshold, if any, set forth for such party on the  
36 Credit Elections Cover Sheet; provided, however, that the Collateral Threshold for a party shall be zero upon the occurrence and  
37 during the continuance of an Event of Default or a Potential Event of Default with respect to that affected party.  
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40 "Credit Elections Cover Sheet" shall mean the Credit Elections Cover Sheet attached hereto and incorporated herein  
41 setting forth certain elections governing this Credit Support Addendum.  
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43 "Credit Rating" shall mean, with respect to a party or entity, on any date of determination, the respective rating then  
44 assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third-party credit  
45 enhancement) by S&P, Moody's, or any other specified rating agency or agencies. If no rating is assigned to such entity's  
46 unsecured, senior long-term debt or deposit obligations by such agency, then "Credit Rating" shall mean the general corporate  
47 credit rating or long-term issuer rating, as applicable, assigned by such rating agency to such entity.  
48

49 "Credit Support" shall mean Eligible Collateral and/or Eligible Credit Support.

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51 "Credit Support Default" shall mean that an Event of Default will exist with respect to a party (such party shall be the  
52 "Defaulting Party") if:

53  
54 (a) a party fails (or fails to cause its Custodian, as herein defined) to make, when due, any transfer of Eligible  
55 Collateral or the Interest Amount, as applicable, required to be made by it;

56  
57 (b) a party fails to comply with or perform any material agreement or obligation provided for in this Credit  
58 Support Addendum; or

59  
60 (c) a Letter of Credit Default shall apply with respect to such Defaulting Party.  
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2 "Credit Support Provider" shall have the meaning set forth on the Credit Elections Cover Sheet and shall be pursuant to  
3 a guaranty provided by each party's Credit Support Provider, if specified as applicable, in form and substance reasonably  
4 acceptable to the other party.  
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6 "Defaulting Party" shall have the meaning set forth in the definition of "Credit Support Default".  
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8 "Eligible Collateral" shall have the meaning as set forth on the Credit Elections Cover Sheet.  
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10 "Eligible Credit Support" shall have the meaning as set forth on the Credit Elections Cover Sheet.  
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12 "Event of Default" shall mean a Credit Support Default and/or a NAESB Event of Default.  
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14 "Exposure" shall mean the amount as calculated in good faith and in a commercially reasonable manner as if an Early  
15 Termination Date has been set as provided for in Section 10.3 of the Base Contract.  
16

17 "Independent Amount" shall have the meaning \_\_\_\_\_ [ISDA concept to be discussed further.]  
18

19 "Interest Amount" shall mean with respect to an "Interest Period" (as defined herein), the aggregate sum of the  
20 amounts of interest calculated for each day in that Interest Period on the principal amount of Cash held by the Secured Party on  
21 that day, determined by the Secured Party for each such day as follows: (x) the amount of Cash on that day; multiplied by (y) the  
22 Interest Rate (as defined herein) for that day; divided by (z) 360.  
23

24 "Interest Period" shall mean the period from (and including) the last Business Day on which an Interest Amount was  
25 Transferred (or if no Interest Amount has yet been Transferred, the Business Day on which Cash was Transferred to the  
26 Secured Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.  
27

28 "Interest Rate" shall have the meaning as set forth on the Credit Elections Cover Sheet.  
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30 "Letter of Credit" means an irrevocable, [non-transferable] transferable, standby letter of credit, issued by (a) a major  
31 U.S. commercial bank or the U.S. branch office of a major foreign bank assigned, in either case, a Credit Rating of at least (i)  
32 "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (ii) "A-" by S&P or "A3" by Moody's, if such  
33 entity is rated by either S&P or Moody's but not both, or (b) any other entity designated on the Credit Elections Cover Sheet as a  
34 Specified Letter of Credit Issuer, which letter of credit is reasonably acceptable to the beneficiary.

35 "Letter of Credit Default" shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the  
36 following events: (i) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least "A-" by S&P and "A3" by  
37 Moody's, if such entity is rated by both S&P and Moody's or "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P  
38 or Moody's but not both, and is not designated on the Credit Elections Cover Sheet as a Specified Letter of Credit Issuer; (ii) the  
39 issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be  
40 continuing after the lapse of any applicable grace period; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim,  
41 repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (iv) such Letter of Credit shall expire or  
42 terminate, or shall fail or cease to be in full force and effect at any time during the term of the Contract; or (v) any event  
43 analogous to an event specified in Section 10.2 of the Base Contract shall occur with respect to the issuer of such Letter of  
44 Credit; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time  
45 such Letter of Credit is required to be canceled or returned to the Pledging Party in accordance with the terms of this Credit  
46 Support Addendum.  
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48 "Minimum Transfer Amount" shall mean the amount, if any, set forth in the Credit Elections Cover Sheet for such Party.  
49

50 "Moody's" shall mean Moody's Investors Services, Inc. or its successor.  
51

52 "NAESB Event of Default" shall mean any event of default in Section 10.2 of the Base Contract.  
53

54 "Notification Time" shall be as set forth on the Credit Elections Cover Sheet.  
55

56 "Pledging Party" shall have the meaning attributed to it in Section II.  
57

58 "Posted Collateral" shall mean all Credit Support, other property, and all proceeds thereof that have been Transferred  
59 to or received by the Secured Party hereunder and not Transferred to the Pledging Party pursuant to Section III or released by  
60 the Secured Party. Any Interest Amount or portion thereof not Transferred pursuant to Section VII(c) and any Cash received  
61 and held by the Secured Party after drawing on any Letter of Credit will constitute Posted Collateral in the form of Cash.  
62

1 "Potential Event of Default" shall mean an event that would constitute an Event of Default with the lapse of time or  
2 giving of Notice or both and shall only be applicable with respect to any provision of this agreement if so specified on the Credit  
3 Elections Cover Sheet.  
4

5 "Qualified Institution" shall mean a commercial bank or trust company organized under the laws of the United States or  
6 a political subdivision thereof, (i) that has a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated  
7 by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both,  
8 (ii) having a capital and surplus of at least \$1,000,000,000, and (iii) is not affiliated with the Pledging Party.

9 "Reference Market Maker" shall mean a leading dealer in the relevant market that is not an Affiliate of either party  
10 selected by a party determining any Disputed Calculation in a commercially reasonable manner from among dealers of the  
11 highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to  
12 make an extension of credit.

13 "Rounding Amount" shall have the meaning set forth on the Credit Elections Cover Sheet.

14 "S&P" shall mean the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

15 "Secured Party" shall have the meaning attributed to it in Section II(2).

16 "Specified Letter of Credit Issuer" shall have the meaning set forth on the Credit Elections Cover Sheet.

17 "Substitute Posted Collateral" shall have the meaning attributed to it in Section IX(b).

18 "Transfer" shall mean, with respect to any Credit Support, Posted Collateral, or Interest Amount, and in accordance  
19 with the instructions of the appropriate party:  
20

21 (i) in the case of Cash, payment or delivery by wire transfer in immediately available federal funds into  
22 one or more bank accounts specified by the recipient;

23 (ii) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the  
24 recipient, and

25 (iii) as otherwise specified by the parties on the Credit Elections Cover Sheet.

26 "Value" shall mean (a) with respect to Cash, the face amount thereof; and (b) with respect to all other Posted Collateral,  
27 the Valuation Percentage multiplied by the stated amount thereof.  
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29 II. Calculation of Collateral Requirement.

30 On any Business Day, the "Collateral Requirement" for a party (the "Pledging Party") means the Exposure minus the  
31 sum of:

32 (1) the Pledging Party's Collateral Threshold; plus

33 (2) the Value of all Posted Collateral held by the party other than the Pledging Party (the "Secured  
34 Party"), and any accrued Interest Amount that has not yet been Transferred to the Pledging Party;

35 provided, however, that, the Collateral Requirement of the Pledging Party will be deemed to be zero (0) whenever the  
36 calculation of such Pledging Party's Collateral Requirement yields a number less than zero (0).  
37

38 III. Delivery of Credit Support.

39 (a) On any Calculation Date on which (i) no Credit Support Default or Potential Credit Support Default with respect to the  
40 Secured Party has occurred and is continuing, (ii) no NAESB Event of Default or Potential NAESB Event of Default with respect  
41 to the Secured Party has occurred and is continuing, (c) no Early Termination Date has occurred or been designated by the  
42 Pledging Party, and (d) the Pledging Party's Collateral Requirement equals or exceeds its Minimum Transfer Amount, the  
43 Secured Party may demand, by Notice to the Pledging Party, that the Pledging Party Transfer to the Secured Party, and the  
44 Pledging Party shall Transfer or cause to be Transferred to the Secured Party, Credit Support for the benefit of the Secured  
45 Party having a Collateral Value on the date of Transfer at least equal to the Pledging Party's Collateral Requirement. The  
46 amount of Credit Support required to be Transferred hereunder shall be rounded up to the nearest integral multiple of the  
47 Rounding Amount. Unless otherwise agreed to in writing by the parties, (A) Credit Support demanded of a Pledging Party on or  
48 before the Notification Time on a Business Day shall be provided to the Secured Party and/or its Custodian by 5:00 p.m. New  
49 York, New York, on the next Business Day.  
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1 York time on the next Business Day and (B) Credit Support demanded of a Pledging Party after the Notification Time on a  
2 Business Day shall be provided to the Secured Party and/or its Custodian by 5:00 p.m. New York time on the second Business  
3 Day thereafter. Any Letter of Credit or other type of Credit Support (other than Cash) shall be Transferred to such address as  
4 the Secured Party shall specify in its demand pursuant to this Section III, and any such demand made by the Secured Party  
5 pursuant to this Section III shall specify wire transfer information for the account(s) to which Credit Support in the form of Cash  
6 shall be Transferred. Notwithstanding anything to the contrary in this Credit Support Addendum, in the event of a Credit Support  
7 Default, Potential Credit Support Default, NAESB Event of Default, or Potential NAESB Event of Default with respect to the  
8 Pledging Party which gives rise to an obligation to Transfer Credit Support, the Pledging Party shall have no obligation to  
9 provide such Credit Support if such event is cured or otherwise no longer exists prior to the time that such Credit Support is  
10 required to be provided hereunder.

11 (b) Notwithstanding anything else in this Contract, if an Event of Default or a Potential Event of Default shall occur with  
12 respect to a party (the "Affected Party"), the Affected Party shall immediately return all Posted Collateral it is holding on behalf of  
13 the other party to the other party.  
14

15 IV. Reduction and Substitution of Credit Support.

16 (a) On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to  
17 Cash), a Pledging Party may demand, by Notice to the Secured Party, a reduction in the amount of Credit Support previously  
18 provided by the Pledging Party for the benefit of the Secured Party, and the Secured Party shall comply with said demand,  
19 provided that after giving effect to the demanded reduction in Credit Support, (i) the Pledging Party shall have a Collateral  
20 Requirement of zero as of the date of such compliance; (ii) no Credit Support Default or Potential Credit Support Default with  
21 respect to the Pledging Party has occurred and is continuing; (iii) no NAESB Event of Default or Potential NAESB Event of  
22 Default with respect to the Pledging Party has occurred and is continuing; and (iv) no Early Termination Date has occurred or  
23 been designated by the Secured Party. The amount of the Credit Support reduction hereunder shall be rounded down to the  
24 nearest integral multiple of the Rounding Amount. In all cases, the cost and expense of reducing Credit Support (including, but  
25 not limited to, the reasonable costs, expenses, and attorneys' fees incurred directly by the Secured Party in making the  
26 reduction) shall be borne by the Pledging Party. If a permitted reduction in Credit Support is to be effected by the Transfer of  
27 Cash to the Pledging Party, then unless otherwise agreed in writing by the Parties, (x) if the Pledging Party's reduction demand  
28 is made on or before the Notification Time on a Business Day, then the Secured Party shall effect a permitted reduction in Credit  
29 Support by 5:00 p.m. New York time on the next Business Day thereafter and (y) if the Pledging Party's reduction demand is  
30 made after the Notification Time on a Business Day, then the Secured Party shall effect a permitted reduction in Credit Support  
31 by 5:00 p.m. New York time on the second Business Day thereafter. If a permitted reduction in Credit Support is to be effected  
32 by a reduction in the amount that may be drawn under an outstanding Letter of Credit previously issued for the benefit of the  
33 Secured Party, the Secured Party shall promptly take such action as is reasonably necessary to cooperate with the Pledging  
34 Party to effectuate such reduction.

35 (b) Except when (i) a Credit Support Default or Potential Credit Support Default with respect to the Pledging Party has  
36 occurred and is continuing, (ii) a NAESB Event of Default or Potential NAESB Event of Default with respect to the Pledging  
37 Party has occurred and is continuing, or (iii) an Early Termination Date has occurred or been designated by the Secured Party,  
38 the Pledging Party may substitute new Credit Support for existing Credit Support of equal Collateral Value on the Business Day  
39 following the Secured Party's receipt of written Notice thereof (provided that, if such Notice is made after the Notification Time,  
40 the Pledging Party may not substitute Credit Support until the second Business Day thereafter; and provided further, however,  
41 that if such substitute Credit Support is of a type not designated as Eligible Collateral or Eligible Credit Support in the Credit  
42 Elections Cover Sheet, then the substitution may not occur unless the Secured Party consents to such substitution). Upon the  
43 Transfer to the Secured Party and/or its Custodian of the substitute Credit Support, the Secured Party and/or its Custodian shall  
44 Transfer the relevant replaced Credit Support to the Pledging Party by 5:00 p.m. New York time on the second Business Day  
45 after such Transfer has been effected. Notwithstanding anything herein to the contrary, no such substitution shall be permitted  
46 unless (x) the substitute Credit Support is Transferred to the Secured Party and/or its Custodian simultaneously with, or has  
47 been Transferred to the Secured Party and/or its Custodian prior to, the release of the Credit Support to be returned to the  
48 Pledging Party and the security interest in, and lien upon, such substituted Credit Support granted pursuant hereto in favor of  
49 the Secured Party shall have been perfected as required by applicable law and shall constitute a first priority perfected security  
50 interest therein and general first lien thereon, and (y) after giving effect to such substitution, the Collateral Value of such  
51 substitute Credit Support shall equal the Collateral Value of the Credit Support which is being substituted. Each substitution of  
52 Credit Support shall constitute a representation, warranty and agreement by the Pledging Party that the substituted Credit  
53 Support shall be subject to and governed by the terms and conditions of this Credit Support Addendum, including without  
54 limitation, the security interest in, general first lien on and right of offset against, such substituted Credit Support granted  
55 pursuant to Section IX(a) in favor of the Secured Party.

56 (c) The Transfer of any Credit Support by the Secured Party and/or its Custodian to the Pledging Party in accordance with  
57 this Section IV shall be deemed a release by the Secured Party of its security interest, general first lien and right of offset  
58 granted pursuant to Section IX(a) hereof only with respect to such returned Credit Support. In connection with each Transfer of  
59 any Credit Support to the Pledging Party pursuant to this Section IV, the Pledging Party will, upon request of the Secured Party,  
60 execute a receipt showing the Credit Support Transferred to it.  
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62 V. Disputed Calculations.

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2 (a) If the Pledging Party disputes the amount of Credit Support requested by the Secured Party and such dispute relates to  
3 the amount of the Exposure as determined by the Secured Party, then the Pledging Party shall (i) notify the Secured Party of the  
4 existence and nature of the dispute not later than the Notification Time on the first Business Day following the date that the  
5 demand for Credit Support is made by the Secured Party pursuant to Section III, and (ii) provide Credit Support to or for the  
6 benefit of the Secured Party in an amount equal to the Pledging Party's own determinations, made in a commercially reasonable  
7 manner, of the Pledging Party's Collateral Requirement in accordance with Section II. In all such cases, the parties thereafter  
8 shall promptly consult with each other in order to reconcile the two conflicting determinations. If the parties have not been able  
9 to resolve their dispute on or before the second Business Day following the date that the demand is made by the Secured Party,  
10 then the Secured Party's Exposure shall be recalculated with each party's requesting quotations from one (1) Reference Market-  
11 Maker within two (2) Business Days (taking the arithmetic average of those quotations obtained to obtain the average current  
12 mark-to-market value, provided, that, if only one (1) quotation can be obtained, then that quotation shall be used) for the  
13 purpose of recalculating the current mark-to-market value of each Transaction in respect of which the Parties disagree as to the  
14 current mark-to-market value thereof, and the Secured Party shall inform the Pledging Party of the results of such recalculation  
15 in reasonable detail. Credit Support shall thereupon be provided, returned, or reduced, if necessary, on the next Business Day  
16 in accordance with the results of such recalculation.  
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18 (b) If the Secured Party disputes the amount of Credit Support to be reduced by the Secured Party and such dispute  
19 relates to the amount of the Exposure claimed by the Secured Party, then the Secured Party shall (i) notify the Pledging Party of  
20 the existence and nature of the dispute not later than the Notification Time on the first Business Day following the date that the  
21 demand to reduce Credit Support is made by the Pledging Party pursuant to Section IV, and (ii) effect the reduction of Credit  
22 Support to or for the benefit of the Pledging Party in an amount equal to the Secured Party's own estimate, made in a  
23 commercially reasonable manner, of the Pledging Party's Collateral Requirement in accordance with Section II. In all such  
24 cases, the parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts. If the  
25 parties have not been able to resolve their dispute on or before the second Business Day following the date that the demand is  
26 made by the Pledging Party, then the Secured Party's Exposure shall be recalculated by each party requesting quotations from  
27 one (1) Reference Market-Maker within two (2) Business Days (taking the arithmetic average of those quotations obtained to  
28 obtain the average Current Mark-to-Market Value; provided, that, if only one (1) quotation can be obtained, then that quotation  
29 shall be used) for the purpose of recalculating the Current Mark-to-Market Value of each Transaction in respect of which the  
30 parties disagree as to the Current Mark-to-Market Value thereof, and the Secured Party shall inform the Pledging Party of the  
31 results of such recalculation in reasonable detail. Credit Support shall thereupon be provided, returned, or reduced, if  
32 necessary, on the next Business Day in accordance with the results of such recalculation.  
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35 VI. Letters of Credit. Posted Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.  
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37 (a) Unless otherwise agreed in writing by the Parties, each Letter of Credit shall be provided in accordance with Section IV,  
38 and each Letter of Credit shall be maintained for the benefit of the Secured Party. The Pledging Party shall (i) renew or cause  
39 the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (ii) if the bank that  
40 issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a substitute Letter  
41 of Credit or other Eligible Collateral, in each case at least twenty (20) Business Days prior to the expiration of the outstanding  
42 Letter of Credit, and (iii) if a bank issuing a Letter of Credit shall fail to honor the Secured Party's properly documented request  
43 to draw on an outstanding Letter of Credit, provide for the benefit of the Secured Party either a substitute Letter of Credit that is  
44 issued bank acceptable to the Secured Party or other Eligible Collateral, in each case within two (2) Business Days after such  
45 refusal, provided that, as a result of the Pledging Party's failure to perform in accordance with (i), (ii), or (iii) above, the Pledging  
46 Party's Collateral Requirement would be greater than zero.  
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48 (b) As one method of providing Posted Collateral, the Pledging Party may increase the amount of an outstanding Letter of  
49 Credit or establish one or more additional Letters of Credit.  
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51 (c) Upon or at any time after the occurrence of an Event of Default with respect to the Pledging Party, the Secured Party  
52 may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of  
53 Credit in accordance with the specific requirements of the Letter of Credit. Cash proceeds received from drawing upon the  
54 Letter of Credit shall be deemed Posted Collateral as security for the Pledging Party's obligations to the Secured Party and the  
55 Secured Party shall have the rights and remedies set forth in Section IX(a) with respect to such cash proceeds. Notwithstanding  
56 the Secured Party's receipt of Cash under the Letter of Credit, the Pledging Party shall remain liable (i) for any failure to Transfer  
57 sufficient Posted Collateral or (ii) for any amounts owing to the Secured Party and remaining unpaid after the application of the  
58 amounts so drawn by the Secured Party.  
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60 (d) A Pledging Party may substitute a Letter of Credit for one or more other outstanding Letter(s) of Credit issued for the  
61 benefit of the Secured Party, provided that the Value of such substitute Letter of Credit shall be at least equal to the Value of the  
62 Letter(s) of Credit being replaced (determined in good faith and in a commercially reasonable manner by the Secured Party),  
63 and provided further that no Letter of Credit shall be canceled unless and until the Letter of Credit to be substituted therefor shall  
64 have been validly executed, issued and delivered for the benefit of the Secured Party in accordance with applicable law.

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(e) Upon the occurrence of a Letter of Credit Default, the Pledging Party agrees to deliver to the Secured Party either a substitute Letter of Credit or other Eligible Collateral, in each case on or before the second Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (i) under the definition of Letter of Credit Default applies).

(f) In all cases, the costs and expenses (including but not limited to the reasonable costs, expenses, and attorneys' fees incurred by the Secured Party) of establishing, renewing, substituting, canceling, and increasing the amount of (as the case may be) a Letter of Credit shall be borne by the Pledging Party.

VII. Cash. Posted Collateral provided in the form of Cash shall be subject to the following provisions.

(a) Eligibility to Hold Cash.

(i) The Secured Party will be entitled to hold Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, (2) its Credit Support Provider has a Credit Rating from S&P and/or Moody's and the lowest Credit Rating for its Credit Support Provider is \_\_\_\_\_ or higher by S&P and/or \_\_\_\_\_ or higher by Moody's; and (3) Cash shall be held only in any jurisdiction within the United States. A party shall appoint a Qualified Institution (a "Custodian") in the event such party is not eligible or becomes ineligible to hold Cash in accordance with this Section VI(a)(i).

(ii) Upon Notice by the Secured Party to the Pledging Party of the appointment of a Custodian, the Pledging Party's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by the Secured Party for which the Custodian is acting. The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(b) Use of Cash. Notwithstanding the provisions of applicable law, if the Secured Party is not a Defaulting Party and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party, then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Cash it holds, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party.

(c) Interest Payments on Cash. So long as no Event of Default or Potential Event of Default, if applicable, with respect to the Pledging Party has occurred and is continuing, and no Early Termination Date (for which any unsatisfied payment obligations of the Pledging Party exist) has occurred or been designated as the result of an Event of Default with respect to the Pledging Party and to the extent that an obligation to deliver Posted Collateral would not be created or increased by the Transfer, the Secured Party will Transfer to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to the Cash (all of which may be retained by the Secured Party), the Interest Amount (as defined below) on the third Business Day of each calendar month. On or after the occurrence of an Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party shall retain any such Interest Amount as additional Eligible Collateral hereunder until the obligations of the Pledging Party under the Contract have been satisfied.

(d) Care of Cash. Without limiting the Secured Party's rights under Section VII(b), the Secured Party will exercise reasonable care to assure the safe custody of all Cash held by it as Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Cash, including, without limitation, any duty to enforce or preserve any rights pertaining thereto.

VIII. Representations. Each party continuously represents and warrants to the other party that: (a) it has the power and authority under the law of the jurisdiction of its organization or incorporation and under its organizational and constituent documents to grant to the Secured Party a valid, enforceable, first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) that it provides as the Pledging Party, and has taken all necessary actions to authorize the granting and perfection of that security interest and lien; (b) as of each date on which it, as the Pledging Party, delivers Posted Collateral to the Secured Party or to any agent of the Secured Party for the benefit of the Secured Party (or, in the case of after-acquired Posted Collateral, at the time the Secured Party or its agent acquires rights therein), it will have title to, and will be the sole owner of such Posted Collateral, free and clear of any security interest, lien, pledge, charge, encumbrance, or other interests or restrictions other than the security interest granted to the Secured Party hereby; (c) the Secured Party will have a valid and perfected first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) upon receipt thereof; (d) the performance by it of its obligations under this Credit Support Addendum will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted pursuant to this Credit Support Addendum; and (e) on each occasion that it, as the Pledging Party, causes the issuance, renewal, substitution, or

1 increase (as the case may be) of a Letter of Credit, such Letter of Credit will be the legal, valid, and binding obligation of the  
2 issuer thereof, enforceable in accordance with its terms.

3  
4 IX. Certain Rights and Remedies.

5  
6 (a) Secured Party's Rights and Remedies. If at any time (i) an Event of Default with respect to the Pledging Party has  
7 occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default  
8 with respect to the Pledging Party, then the Secured Party may do any one or more of the following: (x) exercise any of the  
9 rights and remedies of a secured party with respect to the Posted Collateral, including any such rights and remedies under law  
10 then in effect; (y) exercise its rights of setoff against any and all property of the Pledging Party in the possession of the Secured  
11 Party or its agent; and (z) draw on any outstanding Letter of Credit issued for its benefit. The Secured Party shall either (y)  
12 apply the proceeds of the Posted Collateral realized upon the exercise of any such rights or remedies to reduce the Pledging  
13 Party's obligations under the Contract or this Credit Support Addendum (the Pledging Party remaining liable for any amounts  
14 owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds  
15 remaining after such obligations are satisfied in full or (z) hold such proceeds as collateral security for the Pledging Party's  
16 obligations under the Contract or this Credit Support Addendum.

17  
18 (b) Pledging Party's Rights and Remedies. If at any time an Early Termination Date has occurred or been designated as  
19 the result of an Event of Default with respect to the Secured Party, then: (i) the Secured Party will be obligated immediately to  
20 Transfer all Posted Collateral (other than Letters of Credit) and the Interest Amount, if any, to the Pledging Party; and (ii) the  
21 Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to  
22 the Posted Collateral (other than Letters of Credit), including any such rights and remedies under law then in effect; (y) to the  
23 extent that the Posted Collateral (other than Letters of Credit) or the Interest Amount is not Transferred to the Pledging Party as  
24 required in (i) above, setoff amounts payable to the Secured Party against the Posted Collateral (other than Letters of Credit)  
25 held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts  
26 payable by the Pledging Party, up to the value of any remaining Posted Collateral (other than Letters of Credit) held by the  
27 Secured Party, until the Posted Collateral (other than Letters of Credit) is Transferred to the Pledging Party; and (z) exercise  
28 rights and remedies available to the Pledging Party under the terms of any Letter of Credit.

29  
30 X. General.

31  
32 (a) Security Interest. To secure its obligations under the Contract and all outstanding transactions, each party hereby  
33 grants to the other party a present and continuing first-priority security interest in, and lien on (and right of setoff against), all  
34 Posted Collateral (other than Letters of Credit) whether now or hereafter held by, on behalf of, or for the benefit of, such other  
35 party, and each party agrees to take such action as the other party reasonably requires in order to perfect or maintain the other  
36 party's first-priority continuing security interest in, and lien on (and right of setoff against), such Posted Collateral.

37  
38 (b) Substitutions.

39  
40 (i) Upon Notice to the Secured Party specifying the items of Posted Collateral to be exchanged, the Pledging  
41 Party may, on any Business Day, Transfer to the Secured Party Substitute Posted Collateral (the "Substitute Posted  
42 Collateral"); and

43  
44 (ii) Provided that no Event of Default or Potential Event of Default, if applicable, has occurred and is continuing  
45 with respect to the Pledging Party and that no Early Termination Date has occurred or been designated as the result of  
46 an Event of Default with respect to the Pledging Party, the Secured Party will Transfer to the Pledging Party the items  
47 of Posted Collateral specified by the Pledging Party in its Notice not later than the Business Day following the date on  
48 which the Secured Party receives the Substitute Posted Collateral; provided that the Secured Party will only be  
49 obligated to Transfer Posted Collateral with a Value as of the date of Transfer of that Posted Collateral equal to the  
50 Value as of that date of the Substitute Posted Collateral.

51  
52 (c) Expenses.

53  
54 (i) Except as expressly set forth in this Contract, each party will pay its own costs and expenses in connection  
55 with performing its obligations under this Credit Support Addendum and neither party will be liable for any costs or  
56 expenses incurred by the other party in connection herewith.

57  
58 (ii) The Pledging Party will promptly pay when due all taxes, assessments or charges of any nature that are  
59 imposed with respect to Posted Collateral held by the Secured Party upon becoming aware of the same, regardless of  
60 whether any portion of that Posted Collateral is subsequently disposed of under Section IX(b), except for those taxes,  
61 assessments and charges that result from the exercise of the Secured Party's rights under Section IX(b).  
62

1 (iii) All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledging Party in  
2 connection with the liquidation and/or application of any Posted Collateral under Section IX will be payable, on demand  
3 and pursuant to the Contract, by the Defaulting Party or, if there is no Defaulting Party, equally by the Parties.  
4

5 (d) This Credit Support Addendum has been and is made solely for the benefit of the Parties and their permitted  
6 successors and assigns, and no other entity shall acquire or have any right under or by virtue of this Credit Support Addendum.

7 (e) The Pledging Party shall pay on request and indemnify the Secured Party against any taxes (including without  
8 limitation, any applicable transfer taxes and stamp, registration, or other documentary taxes), assessments, or charges that may  
9 become payable by reason of the security interest, general first lien, and right of offset granted under this Credit Support  
10 Addendum or the execution, delivery, performance, or enforcement of the Credit Support Addendum, as well as any penalties  
11 with respect thereto (including, without limitation, costs and reasonable fees and disbursements of counsel).

12 (f) No failure or delay by either party hereto in exercising any right, power, privilege, or remedy hereunder shall operate as  
13 a waiver thereof.

14 (g) The headings in this Credit Support Addendum are for convenience of reference only, and shall not affect the meaning  
15 or construction of any provision thereof.

16  
17

**COMPANY**

**COUNTERPARTY**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

18